

# Change in Employee Compensation (CEC) Legislative History

## FY 1998 to FY 2005

*Idaho Code §67-5309B(d) requires the Division of Human Resources to conduct or approve salary surveys within relevant labor markets and make a report to the Governor of proposed salary changes and their estimated costs. The Governor must submit the division's report or his own report to the Legislature prior to the seventh legislative day. By concurrent resolution, the Legislature may accept, modify or reject either report. Failure by the Legislature to act prior to adjournment shall constitute approval of the Governor's report.*

### **FY 2005**

The Governor recommends a compensation increase of 2% to be distributed based on merit. No adjustment to the pay line is recommended. The Division of Human Resources recommended the following: (1) statute change to allow for pay schedules unique to occupational groups; (2) provide an average of 10% permanent merit raises for nursing occupations; and (3) one of the following: provide a 6.8% CEC in the first installment of a five year plan of annual increases to achieve market parity; or provide as much funding as possible for a permanent CEC, and "refine the current law to specify the goal of average market pay targets", or provide 2% one-time funding to be used for bonuses to support retention and recognition of employees, and allow agencies to use savings in their operating budgets to address needs in their personnel budgets.

### **FY 2004**

The 2003 Legislature took no action, thereby adopting the Governor's recommendation by default, which was no increase in funding for employee compensation, but to allow compensation increases with agency salary savings wherever possible.

### **FY 2003**

The 2002 Legislature took no action, thereby adopting the Governor's Recommendation by default. It provided no increase in funding for employee compensation, but allowed employee compensation increases to be made from agency salary savings.

### **FY 2002**

Because the 2001 Legislature did not adopt a CEC resolution, the Governor's Recommendation was approved by default. It provided a 4.5% increase for all state agencies -- 3.5% to be used for performance related increases plus 1% to address agency specific compensation issues (2% for higher education faculty). CEC was budgeted at \$20.2 in General Fund money and \$37.4 million in all funds.

### **FY2001**

The Legislature adopted HCR 35, which was the employee compensation resolution adopted by the Joint Legislative CEC Compensation Committee. HCR 35 ratified the framework of the Governor's recommendation, which included a 5% move in the

payline structure, and a 3.5% CEC, distributed based on merit. HCR 35 also included language encouraging agency directors to make special efforts for low-wage employees who are performing satisfactorily in their positions. CEC was budgeted at \$14.6 million General Fund and \$28.5 million total.

### **FY 2000**

The 1999 Legislature took no action, and by doing so accepted the Governor's recommended 3% statewide average pay increase for state employees. The Governor's recommendation included no movement in the payline, with the full 3% CEC to be distributed on the basis of merit. CEC was budgeted at \$13.4 million General Fund and \$22.8 million total.

### **FY 1999**

SCR 122, a product of the CEC Committee, concurred with the Governor's 5% performance-based pay raise which included a 2% payline move. Moving the payline required only about \$500,000 in General Fund money and \$800,000 in all funds. The Committee also added its own "decompression" emphasis by way of an expectation stated in the resolution that agency directors will give due consideration to employees who have been performing satisfactorily in a position for five or more years but who are below the policy pay rate within their pay grades. CEC was budgeted at \$21 million in General Fund money and \$35.5 million in all funds.

### **FY 1998**

The CEC Committee voted to accept the Governor's recommendation of a 2% pay increase with no payline movement and individual increases to be based on performance. JFAC voted to not fund any CEC increase, but encouraged agencies to provide merit-based raises with monies available in their existing appropriation (e.g. salary savings). HCR 25 stated the Legislature's support for the Governor's CEC recommendation and authorized and encouraged agencies to provide such pay increases to the extent possible within existing appropriations. Zero General Fund and total dollars were budgeted for CEC.

## Change in Employee Compensation (CEC) 20 Year Historical Comparision

Fiscal Year	General Fund Expenditures	% Chg	Personnel Commission*	CPI % Chg	CEC Funded
1985	\$ 556,846,300	21.9%	9.0% <sup>1</sup>	3.8%	7.0% <sup>1</sup>
1986	\$ 580,703,000	4.3%	5.8% <sup>1</sup>	1.8%	0.0%
1987	\$ 622,435,100	7.2%	8.0% <sup>1</sup>	3.7%	0.0%
1988	\$ 658,870,000	5.9%	12.5% <sup>1</sup>	4.0%	4.0% <sup>2</sup>
1989	\$ 699,236,100	6.1%	7.9% <sup>1</sup>	5.2%	3.0% <sup>3</sup>
1990	\$ 784,505,700	12.2%	9.7% <sup>1</sup>	4.7%	5.0% <sup>5</sup>
1991	\$ 911,749,600	16.2%	7.5% <sup>1</sup>	4.7%	5.5%
1992	\$ 996,243,100	9.3%	7.0% <sup>1</sup>	3.1%	4.0% <sup>1</sup>
1993	\$ 1,025,859,900	3.0%	3.0% <sup>1</sup>	3.0%	1.5% <sup>4</sup>
1994	\$ 1,098,360,700	7.1%	11.0% <sup>4</sup>	2.5%	2.0% <sup>1</sup>
1995	\$ 1,268,128,600	15.5%	8.5%	3.0%	5.4%
1996	\$ 1,337,541,800	5.5%	6.0% <sup>4</sup>	2.8%	5.0% <sup>4</sup>
1997	\$ 1,391,773,100	4.1%	4.6% <sup>1</sup>	2.3%	3.0% <sup>4</sup>
1998	\$ 1,446,401,100	3.9%	5.2% <sup>1</sup>	1.7%	0.0%
1999	\$ 1,609,676,100	11.3%	7.7% <sup>4</sup>	2.0%	5.0% <sup>4</sup>
2000	\$ 1,679,768,900	4.4%	14.0% <sup>1</sup>	3.7%	3.0%
<b>Average Annual Change</b>		<b>8.60%</b>	<b>7.97%</b>	<b>3.23%</b>	<b>3.34%</b>

Fiscal Year	General Fund Expenditures	% Chg	Div. of Human Resources*	CPI % Chg	CEC Funded
2001	\$ 1,828,502,900	8.9%	0.0% <sup>6</sup>	3.2%	3.5%
2002	\$ 1,979,451,500	8.3%	0.0% <sup>6</sup>	1.1%	4.5%
2003	\$ 1,925,457,200	-2.7%	0.0% <sup>7</sup>	2.1%	0.0%
2004	\$ 2,004,053,000	4.1%	1.0% <sup>8</sup>	N/A	0.0%
<b>Average Annual Change</b>		<b>4.62%</b>	<b>0.25%</b>	<b>2.14%</b>	<b>2.00%</b>
<b>Cum. Ave. Annual Change</b>		<b>7.80%</b>	<b>6.42%</b>	<b>3.06%</b>	<b>3.07%</b>

\* CEC recommendation from Personnel Commission (prior to FY2001) or Division of Human Resources pursuant to Idaho Code §67-5309B(d).

<sup>1</sup> Reflects payline move

<sup>2</sup> Payline move was effective 9/20/87 (reducing overall cost to 3%, resulting in one-time savings)

<sup>3</sup> Only 2/3 funded for most agencies

<sup>4</sup> Includes payline move

<sup>5</sup> Reflects payline move; step for step policy removed, so increases are based solely on performance.

<sup>6</sup> DHR recommended a salary increase to address competitive pressures, but did not recommend a specific percentage.

<sup>7</sup> No general CEC increase recommended, but recommended .5% allocation to all agencies to retain and recruit staff. An additional 2% was recommended for select

<sup>8</sup> Additional recommendations include a 4% CEC for nursing occupations and 2% for corrections officers, and allocate another 1% merit pool to be awarded in August 2003 contingent on a pre-determined level of state revenues.